

**Lawrence Township Board of Education**

**Auditor's Management Report**

**County of Mercer**

**June 30, 2020**

**Robert A. Hulsart & Company  
Certified Public Accountants  
2807 Hurley Pond Road, Suite 100  
Wall, New Jersey 07719**

**AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS**

**FINANCIAL, COMPLIANCE AND PERFORMANCE**

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# Robert A. Hulsart and Company

1.

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
ROBERT A. HULSART, JR., C.P.A., P.S.A.

Telecopier:  
(732) 280-8888

e-mail:  
rah@monmouth.com

2807 Hurley Pond Road • Suite 100  
P.O. Box 1409  
Wall, New Jersey 07719-1409  
(732) 681-4990

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

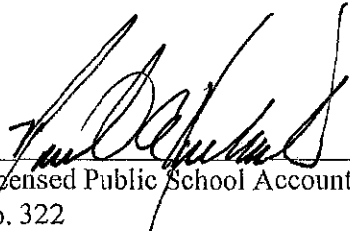
## REPORT OF INDEPENDENT AUDITORS

Honorable President and Members  
of the Board of Education  
Lawrence Township School District  
County of Mercer, New Jersey

We have audited, in accordance with generally accepted audit standards and Government Auditing Standards, issued by the comptroller General of the United States, the general-purpose financial statements of the Board of Education of the Lawrence Township School District in the County of Mercer, for the year ended June 30, 2020, and have issued our report thereon dated January 22, 2021.

As part of our audit, we performed procedures required by the New Jersey Department of Education and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of the Lawrence Township Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.



\_\_\_\_\_  
Licensed Public School Accountant  
No. 322

**ROBERT A. HULSART AND COMPANY**

January 22, 2021

## ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING

### Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

### Administrative Practices and Procedures

#### Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20; Insurance Schedule contained in the district's CAFR.

#### Officials Bond (N.J.S.A. 18A:17-26.18A:17-32)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Thomas Eldridge	Board Secretary/School Business Administrator	\$ 425,000
Peter Kiriakatis	Treasurer	425,000

#### Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The Board made a proper adjustment to the billings to sending districts for the decrease in per pupil costs in accordance with N.J.A.C. 6A:23-3.1(f)3.

### Financial Planning, Accounting and Reporting

#### Examination of Claims

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

#### Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/School Business Administrator.

Salary withholdings were promptly remitted to the proper agencies.

### **Reserve for Encumbrances and Accounts Payable**

A review of outstanding issued purchase orders was made as of June 30, for proper classification of orders as reserve for encumbrances and accounts payable.

### **Classification of Expenditures**

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23-2.2(g)* as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-2.4*. As a result of the procedures performed, a transaction error rate of 0% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

### **Board Secretary's Records**

Our review of the financial and accounting records maintained by the Board Secretary disclosed no reportable conditions.

### **Treasurer's Records**

The Treasurer's records were in agreement with the records of the Board Secretary.

### **Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)**

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, Title IIA, Title III, Title III Immigrant of the E.S.E.A and Title IV.

The study of compliance for E.S.E.A. indicated no areas of noncompliance and/or questionable costs.

### **Other Special Federal and/or State Projects**

The district's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects. The study of compliance for the special projects indicated no areas of noncompliance.

### **T.P.A.F. Reimbursement**

Our audit procedures included a test of the biweekly reimbursement forms filed with Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

## School Purchasing Programs

### Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2015 N.J.S. 18A:18A-3 was amended to read as follows:

- a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$40,000 the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefore, except that the board of education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L. 1971, c.198 (C.40A:11-9) the board of education may establish that the bid threshold may be up to \$40,000.00. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

Thomas Eldridge has been designated Certified Purchasing Officer by the Board of Education with the bid threshold at \$40,000.

Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. N.J.S. 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months.

N.J.S. 18A:18A-4 is amended to read as follows:

- a. Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law.

The law regulating bidding for public school student transportation contracts under N.J.S.A. is \$19,000 for 2019-2020.

The board of education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

The results of our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4.

Effective July 1, 2020, the maximum bid threshold was increased to \$44,000.00 with a Qualified Purchasing Agent and the quotation threshold was increased to \$4,800.00 and \$6,600.00 with a Qualified Purchasing Agent, respectively.

### **School Food Service Fund**

The school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

The food services for 2019-20 were awarded to Maschios Food Services Inc. on their proposal of a guaranteed return of \$95,367 to the district, which has been met. This amount returned was used for payroll purposes. All vendor discounts, rebates and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

The financial transactions and statistical records of the School Food Services were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement vouchers were timely filed, and meals claimed agreed with meal count records.

Prior to submitting reimbursement vouchers to the U.S. Department of Agriculture; the meals claimed were verified to the meal count activity records.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced price meal policy is uniformly administered throughout the School System. The required verification procedures for free and reduced price applications were completed and available for review.

Cash receipts and bank records were reviewed for timely deposits per state guidelines.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Maschios Food Services Inc.'s inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursement records reflected expenditures for program related goods and services. Districts with food service management companies are depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures.

U.S.D.A. commodities were received and a separate inventory was maintained on a first-in, first-out basis.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G.

### **Student Activity Accounts/Board Accounts**

Overall, our review of the student activity funds found all records to be in good order.

**Pupil Transportation**

Our procedures included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2019 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual. We also performed a review of the district's procedures related to its completion.

**Follow-up on Prior Years' Findings**

There were no prior year audit findings.

**Acknowledgment**

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to the members of the audit team.



**2% Calculation of Excess Surplus**

2019-20 Total General Fund Expenditures Per the CAFR	\$ 83,554,152
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(11,009,035)</u>
Adjusted 2019-20 General Fund Expenditures	<u>\$ 72,545,117</u>
2% of Adjusted 2019-20 General Fund Expenditures	\$ 1,450,902
Increased by: Allowable Adjustment	<u>688,432</u>
Maximum Unassigned Fund Balance	<u>\$ 2,139,334</u>

**Section 2**

Total General Fund – Fund Balance @ 6-30-20	\$ 9,884,429
Decreased by:	
Reserved for Encumbrances	(1,861,182)
Designated for Subsequent Year's Expenditures – BOE	(925,000)
Other Reserves	<u>(4,840,383)</u>
Total Unassigned Fund Balance	<u>\$ 2,257,864</u>
Excess Surplus	<u>\$ 118,530</u>

**Section 3**

Excess Surplus – Current Year	\$ 118,530
Designated for Subsequent Years Expenditures – Excess Surplus	<u>0</u>
	<u>\$ 118,530</u>

**Detail of Allowable Adjustments**

Extraordinary Aid	\$ 654,633
Non-Public Transportation Aid	<u>33,799</u>
	<u>\$ 688,432</u>

**Detail of Other Restricted Fund Balance**

Maintenance Reserve	\$ 963,478
Emergency Reserve	485,000
Capital Reserve	<u>3,391,905</u>
Total Other Restricted Fund Balance	<u>\$ 4,840,383</u>

**LAWRENCE SCHOOL DISTRICT**

**APPLICATION FOR STATE SCHOOL AID SUMMARY**

Sheet 1 of 3

**ENROLLMENT AS OF OCTOBER 15, 2019**

	2020-21 Application for State School Aid						Sample for Verification				Private Schools for Handicapped							
	Reported On		Reported on		Errors		Sample Selected		Verified Per		Errors Per Registers		Reported On	Sample for	Sample	Sample		
	A.S.S.A. on Roll	Workpapers on Roll	Full	Shared	Full	Shared	from Workpapers	Registers on Roll	Full	Shared	Full	Shared	A.S.S.A. as	Verification	Verified	Errors		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Private Schools					
Full Day Preschool - 3 years	20		20				14		14									
Full Day Preschool - 4 years	30		30				16		16									
Full Day Kindergarten	245		245				51		51									
One	238		238				64		64									
Two	232		232				55		55									
Three	239		239				67		67									
Four	223		223				223		223									
Five	207		207				207		207									
Six	252		252				252		252									
Seven	263		263				263		263									
Eight	253		253				253		253									
Nine	251		251				251		251									
Ten	262	1	262	1			262	1	262	1								
Eleven	237	8	237	8			237	8	237	8								
Twelve	232	19	232	19			232	19	232	19								
Subtotal	3184	28	3184	28	-	-	2447	28	2447	28	-	-	-	-	-	-	-	
Special Ed. - Elementary	281		281				144		144				13	13	13			
Special Ed. - Middle School	151		151				151		151				8	8	8			
Special Ed. - High School	161	13	161	13			161	13	161	13			10	10	10			
Subtotal	593	13	593	13	-	-	456	13	456	13	-	-	31	31	31		-	
Co. Voc. - Regular																		
Co. Voc. - Ft. Post Sec.																		
Totals	3777	41	3777	41	-	-	2903	41	2903	41	-	-	31	31	31		-	
Percentage Error					0%	0%					0%	0%					0%	

LAWRENCE SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2019

	Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Preschool	25	25		6	6							
Full Day Kindergarten	47	47		23	23		4	4		3	3	
One	54	54		25	25		11	11		7	7	
Two	51	51		17	17		8	8		4	4	
Three	46	46		15	15		6	6		3	3	
Four	56	56		18	18		1	1		1	1	
Five	53	53		13	13		3	3		2	2	
Six	63	63		10	10		1	1		1	1	
Seven	61	61		8	8		2	2		2	2	
Eight	62	62		11	11		2	2		2	2	
Nine	63	63		9	9		3	3		1	1	
Ten	55.5	55.5		7	7		6	6		2	2	
Eleven	51	51		9	9		2	2		1	1	
Twelve	41.5	41.5		6	6		1	1		1	1	
Subtotal	729	729	-	177	177	-	50	50	-	30	30	-
Special Ed. - Elementary	87	87		30	30		2	2		1	1	
Special Ed. - Middle School	46	46		14	14							
Special Ed. - High School	56	56		11	11							
Subtotal	189	189	-	55	55	-	2	2	-	1	1	-
Totals	918	918	-	232	232	-	52	52	-	31	31	-
Percentage Error			0.0%			0.0%			0.0%			0.0%

TRANSPORTATION

	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors	Avg. Mileage - Regular Including Grade PK Students	Reported	Recalculated
	Reg. - Public Schools	1,426.5	1,426.5		272	272			
Transported - Non-Public	237	237		135	135			4.2	4.2
Special Education - Regular	206.0	206.0		120	120			5	5
Special Educ. - Special Needs	227.5	227.5		130	130				
Totals	2,097.0	2,097.0	-	657	657	-			
Percentage Error			0%			0%			

LAWRENCE SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2019

	<u>Resident LEP Not Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as LEP Not Low Income</u>	<u>Reported on Workpapers as LEP Not Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Test Score and Register</u>	<u>Sample Errors</u>
Full Day Kindergarten	17	17		12	12	
One	11	11		9	9	
Two	7	7		6	6	
Three	8	8		4	4	
Four						
Five	2	2		2	2	
Six	3	3		3	3	
Seven	1	1		1	1	
Eight	6	6		4	4	
Nine	4	4		3	3	
Ten	1	1		1	1	
Eleven	3	3		2	2	
Twelve	2	2		2	2	
Subtotal	<u>65</u>	<u>65</u>	<u>-</u>	<u>49</u>	<u>49</u>	<u>-</u>
Special Ed. - Elementary						
Special Ed. - Middle School						
Special Ed.- High School						
Subtotal	<u>0</u>	<u>0</u>	<u>-</u>	<u>0</u>	<u>0</u>	<u>-</u>
County Vocational - Regular						
Totals	<u>65</u>	<u>65</u>	<u>-</u>	<u>49</u>	<u>49</u>	<u>-</u>
Percentage Error			<u>0.0%</u>			<u>0.0%</u>

SCHEDULE OF MEAL COUNT ACTIVITY

LAWRENCE SCHOOL DISTRICT

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM-FEDERAL

ENTERPRISE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under Claim</u>
National School Lunch (Regular Rate)*	Paid	116,290	28,031	28,031	-	\$ 0.37	-
	Reduced	19,580	4,700	4,700	-	3.065	-
	Free	88,447	35,273	35,273	-	3.465	-
Total Net Overclaim		<u>224,317</u>	<u>68,004</u>	<u>68,004</u>	<u>-</u>		<u>-</u>
School Breakfast Program (Regular Rate)	Paid	1,183	744	744	-	\$ 0.31	-
	Reduced	390	242	242	-	1.54	-
	Free	2,740	1,761	1,761	-	1.84	-
Total Net Overclaim		<u>4,313</u>	<u>2,747</u>	<u>2,747</u>	<u>-</u>		<u>-</u>
School Breakfast Program (Severe Needs Rate)	Paid	3,706	478	478	-	\$ 0.31	-
	Reduced	1,319	152	152	-	1.90	-
	Free	36,425	21,725	21,725	-	2.20	-
Total Net Overclaim		<u>41,450</u>	<u>22,355</u>	<u>22,355</u>	<u>-</u>		<u>-</u>

\* = For HHFKA Lunches - \$.07

LAWRENCE TOWNSHIP SCHOOL DISTRICTNET CASH RESOURCE SCHEDULENET CASH RESOURCES DID NOT EXCEED 3 MONTHS OF EXPENDITURESPROPRIETARY FUNDS - FOOD SERVICEFOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Net Cash Resources:</u>		<u>Food Service</u> <u>G - 1/2</u>
CAFR	<b>Current Assets</b>	
G-1	Cash & Cash Equivalents	\$ 147,925
G-1	Accounts Receivables	26,707
	<b>Current Liabilities</b>	
G-1	Less Accounts Payable	<u>(18,692)</u>
	<b>Net Cash Resources</b>	<u>\$ 155,940 (A)</u>
 <u>Net Adjustment Total Operating Expense:</u>		
G-2	Total Operating Expenses	1,186,008
G-2	Less Depreciation	<u>(47,445)</u>
	Adjusted Total Operating Expenses	<u>1,138,563 (B)</u>
 <u>Average Monthly Operating Expense:</u>		
	B / 10	<u>\$ 113,856 (C)</u>
 <u>Three Times Monthly Average</u>		
	3 X C	<u>\$ 341,569</u>
	Total in (A)	\$ 155,940
	Less Total in (D)	<u>(341,569)</u>
	Net	<u>\$ (185,629)</u>

**LAWRENCE TOWNSHIP SCHOOL DISTRICT**  
**AUDIT RECOMMENDATIONS SUMMARY**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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Recommendations:

1. Administrative Practices and Procedures  
None
2. Financial Planning, Accounting and Reporting  
None
3. School Purchasing Programs  
None
4. School Food Service  
None
5. Student Body Activities  
None
6. Application for State School Aid  
None
7. Pupil Transportation  
None
8. Facilities and Capital Assets  
None
9. Miscellaneous  
None
10. Status of Prior Year Audit Findings/Recommendations  
There were no prior year recommendations.